

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID'S ELECTRIC REVENUE : DOCKET NO. 5157
DECOUPLING MECHANISM RECONCILIATION FILING :
FOR THE YEAR ENDING MARCH 31, 2021 :**

ORDER

On May 14, 2021, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed its Revenue Decoupling Mechanism Reconciliation with the Public Utilities Commission (Commission or PUC) pursuant to R.I. Gen. Laws § 39-1-27.7.1 and RIPUC No. 2073.^{1,2} National Grid proposed a Revenue Decoupling Mechanism Adjustment Factor (Factor) of a \$0.0042/kWh credit for effect July 1, 2021. On June 21, 2021, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval of the proposed credit Factor.³ At an Open Meeting held on June 29, 2021 the Commission approved the credit Factor for effect July 1, 2021.

The Company is required to submit its annual Revenue Decoupling Mechanism (RDM) reconciliation by May 15 of each year for the fiscal year ending on March 31 (RDM Year). The Company's RDM reconciliation compares the Annual Target Revenue to actual billed distribution revenue for the RDM Year. The Annual Target Revenue is the annual distribution revenue requirement, as approved by the PUC in a general rate case, less any adjustments to that revenue requirement that have been approved by the PUC. The RDM Reconciliation Amount is the

¹ National Grid's 2021 Electric Revenue Decoupling Mechanism Reconciliation Filing (May 14, 2021). Pursuant to the Commission's decision in Docket No. 4206, Order No. 20745 (May 25, 2012), National Grid is required to file a Decoupling Reconciliation Adjustment Factor with the Commission each year by May 15. All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island or at <http://www.ripuc.ri.gov/eventsactions/docket/5157page.html>.

² National Grid made an alternative proposal to increase the credit factor by the amount of the customers' share of over-earnings reported for CY 2020. Under the approved Amended Settlement in Docket No. 4770, the customers' share of over-earnings is deposited in the storm fund.

³ Division Mem. (June 21, 2021).

difference (either positive or negative) between the actual billed distribution revenue and the Annual Target Revenue for the RDM Year. The RDM Reconciliation Amount, including interest at the rate paid on customer deposits, is the basis for the Factor. The Factor is a uniform per-kWh charge or credit that is applicable to all customers and is typically effective for usage on and after July 1.⁴

In support of its filing, National Grid submitted the direct testimony and schedules of Daniel E. Gallagher, Analyst for New England Pricing in the Strategy and Regulation Department of National Grid USA Service Company, Inc. To calculate the RDM Reconciliation amount, Mr. Gallagher deducted the annual target revenue of \$297,508,382 from the billed distribution revenue of \$299,967,209 for the reconciliation period.⁵ Mr. Gallagher proposed a credit Factor of \$0.0042/kWh for effect on July 1, 2021. The proposed credit Factor is designed to return the net over-recovery balance resulting from: (1) the over-recovery of \$2,750,288; (2) unbilled last resort service billing adjustments presented to the PUC in the Company's 2021 Annual Retail Rate filing, of \$198,406; and (3) interest at the rate paid on customer deposits of \$19,751.⁶ Mr. Gallagher calculated the credit Factor by dividing the total amount to be credited to customers by the forecasted kWh deliveries for July 1, 2021 to June 30, 2022 of 6,962,842,812.⁷

On June 21, 2021, the Division filed a memorandum recommending approval of National Grid's proposed 2021 credit Factor of \$0.0042/kWh.⁸ It concluded that the credit Factor was correctly calculated. The Division did not support an alternative proposal made by National Grid to redirect customer funds from the Storm Fund to increase the credit Factor.⁹

⁴ Test. of Daniel E. Gallagher at 4-5 (May 14, 2021).

⁵ Gallagher Test. at 5-6; Sch. DEG-1 at 3,4.

⁶ Gallagher Test. at 2-4; Sch. DEG-1 at 1.

⁷ RDM Filing, Sch. DEG-1 at 1.

⁸ Division Mem. at 2.

⁹ Division Mem. at 1-2 (Jun. 15, 2020).

At an Open Meeting held on June 29, 2021, based on its review of the Company's filings and the Division's recommendation, the PUC voted unanimously to approve National Grid's proposed 2021 credit Factor of \$0.0042/kWh for effect on July 1, 2021.

Accordingly, it is hereby

(24085) ORDERED:

The Narragansett Electric Company d/b/a National Grid's proposed 2020 Revenue Decoupling Mechanism Reconciliation Adjustment Credit Factor of \$0.0042/kWh for effect on July 1, 2021 is approved.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JULY 1, 2021 PURSUANT TO AN OPEN MEETING DECISION ON JUNE 29, 2021. WRITTEN ORDER ISSUED JULY 14, 2021.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairperson



*John C. Revens, Jr., Commissioner

*Commissioner Revens did not participate in the decision.

NOTICE OF RIGHT TO APPEAL: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.